

3. Defendants IMAD DAWARA and BAHAA DAWARA owned and operated RCL Management, LLC (“RCL Management”), located at 239-241 Chestnut Street, in Philadelphia, Pennsylvania (“239-241 Chestnut”), with each defendant owning a 50% interest.

4. From in and about December 2012 until on or about February 18, 2018, RCL Management owned a restaurant and hookah bar at 239-241 Chestnut, which defendants IMAD DAWARA and BAHAA DAWARA operated under the name, at various times, Barra Restaurant, B-Side Hookah Lounge, and Revolution Diner (“the restaurant”).

5. In or about 2015, defendants IMAD DAWARA and BAHAA DAWARA incorporated IB Management Corp (“IB Management”), with each defendant owning a 50% interest.

6. In or about May 2016, defendants IMAD DAWARA and BAHAA DAWARA purchased Noche, LLC (“Noche”), which owned B-Side Complex, a nightclub and a hookah lounge at 927-939 North Delaware Avenue in Philadelphia, Pennsylvania (“B-Side Complex” or “B-Side Nightclub” or “the nightclub”).

7. From in or about May 2016 until in or about December 2017, defendants IMAD DAWARA and BAHAA DAWARA, controlled and operated B-Side Complex and shared in the profits.

8. In or about December 2017, defendants IMAD DAWARA and BAHAA DAWARA transferred ownership of B-Side Complex from Noche to Baba Restaurant Inc. (“Baba”).

9. From in or about December 2017 to in our about October 2019, defendants IMAD DAWARA and BAHAA DAWARA, controlled and operated B-Side Complex and shared in the profits.

10. Defendants IMAD DAWARA and BAHAA DAWARA jointly ran the day-to-day operations, controlled and exercised decision-making authority regarding the business activities associated with RCL, IB Management, Noche, and Baba.

11. In general, for purposes of federal income tax, S corporations do not pay income taxes. Instead, the corporation's income and losses are divided among, and passed through, to its shareholders. The shareholders are required to report their income and losses on their individual tax returns.

### **The Conspiracy**

12. From in or about May 2016 and continuing until in or about October 2019, in the Eastern District of Pennsylvania, and elsewhere, defendants

### **IMAD DAWARA and BAHAA DAWARA**

knowingly and willfully conspired and agreed together, to knowingly defraud the United States for the purpose of impeding, impairing, obstructing, and defeating the lawful government functions of the Internal Revenue Service of the Treasury Department in the ascertainment, computation, assessment, and collection of the revenue: to wit income taxes.

### **MANNER AND MEANS**

It was part of the conspiracy that:

13. Beginning in or about 2015, defendants IMAD DAWARA and BAHAA DAWARA agreed that they would defraud the IRS regarding income earned by and taxes due from the restaurant and the nightclub.

14. Defendants IMAD DAWARA and BAHAA DAWARA under-reported gross receipts of RCL, Noche and Baba from the operation of the restaurant and nightclub to avoid the payment of income taxes to the IRS.

15. Defendants IMAD DAWARA and BAHAA DAWARA used C.V. and M.A., persons known to the grand jury, as nominee owners on paper of Noche and Baba, causing



the nominee owners to be responsible for any tax consequences of Noche and Baba, rather than the defendants.

16. Defendants IMAD DAWARA and BAHAA DAWARA opened bank accounts in the name of IB Management and routed some, but not all, of the finances, including deposits and expenses, of Noche, Baba, and the nightclub through IB Management's bank accounts.

17. Defendants IMAD DAWARA and BAHAA DAWARA jointly exercised full control of the businesses and the finances of the businesses and shared in the profits of the businesses, while nominee owners C.V. and M.A. did not control, share in the profits, or have signatory authority for any of the businesses or business bank accounts.

18. Defendants IMAD DAWARA and BAHAA DAWARA concealed the true amount of income to their tax preparer by providing the tax preparer only with information about receipts deposited into the IB Management bank accounts and concealed from the tax preparer cash that was not deposited into those accounts.

19. Defendants IMAD DAWARA and BAHAA DAWARA agreed to cause the filing of false Forms 1120S for RCL for the years 2015 through 2016, and IB Management, and Noche for the years 2015 through 2017.

20. Defendants IMAD DAWARA and BAHAA DAWARA agreed to cause the filing of false Form 1120 for Baba for the year 2017.

21. Defendants IMAD DAWARA and BAHAA DAWARA did not report any income from the B-Side Complex on their individual federal tax returns during years 2015 through 2017.

## OVERT ACTS

In furtherance of the conspiracy, the defendants committed the following overt acts in the Eastern District of Pennsylvania and elsewhere:

### **Concealed Ownership and Financial Transactions**

1. At various times between in or about July 2015 and in or about February 2018, defendants IMAD DAWARA and BAHAA DAWARA opened bank accounts at TD Bank, Citizens Bank, and Santander Bank under the name of IB Management Corp in order to handle finances, including deposits and expenses, of Noche and its successor company, Baba.

2. In or about May 2016, defendants IMAD DAWARA and BAHAA DAWARA purchased Noche and commenced operating B-Side Nightclub.

3. In or about May 2016, defendants IMAD DAWARA and BAHAA DAWARA concealed their actual ownership and control of Noche by causing documents related to the ownership and operation of Noche, that is, incorporation papers, liquor license, lease and title to equipment, to be placed in the name of nominee owner C.V., even though the defendants were the actual purchasers of Noche and the B-Side Nightclub.

4. In or about July 2017, defendants IMAD DAWARA and BAHAA DAWARA caused the incorporation of Baba and transferred the assets of Noche, including the B-Side Nightclub, to Baba.

5. In or about December 2017, defendants IMAD DAWARA and BAHAA DAWARA concealed their actual ownership and control of Baba and the B-Side Nightclub by causing documents related to the ownership and operation of Baba, that is, incorporation papers, liquor license, lease and title to equipment, to be placed in the name of M.A.

**Fraudulent Tax Filings for Tax Year 2015**

6. On or about March 11, 2016, defendant IMAD DAWARA caused to be filed a false Form 1040 U.S. Individual Tax Return for 2015 in that IMAD DAWARA underreported his income, including income that he received from RCL and the restaurant.

7. On or about March 11, 2016, defendant BAHAA DAWARA caused to be filed a false Form 1040 U.S. Individual Tax Return for 2015 in that BAHAA DAWARA underreported his income, including income that he received RCL and the restaurant.

8. On or about March 15, 2016, defendants IMAD DAWARA and BAHAA DAWARA caused to be filed a false Form 1120S U.S. Income Tax Return for an S Corporation for IB Management for 2015 in that the return did not report cash receipts into IB Management's bank accounts.

9. On or about March 15, 2016, defendants IMAD DAWARA and BAHAA DAWARA caused to be filed a false Form 1120S U.S. Income Tax Return for an S Corporation for RCL for 2015 in that the return underreported the gross receipts of RCL.

**Fraudulent Tax Filings for Tax Year 2016**

10. On or about October 11, 2017, defendant IMAD DAWARA caused to be filed a false Form 1040 U.S. Individual Tax Return for 2016, in that he underreported his income, including income that he received from the ownership and operation of RCL, IB Managament, Noche, and Baba.

11. On or about October 11, 2017, defendants IMAD DAWARA and BAHAA DAWARA caused to be filed a false Form 1120S U.S. Income Tax Return for an S Corporation for RCL for 2016 in that the return underreported the gross receipts of RCL and the restaurant.



12. On or about October 11, 2017, defendants IMAD DAWARA and BAHAA DAWARA caused to be filed a false Form 1120S U.S. Income Tax Return for an S Corporation for IB Management for 2016 in that the return reported \$0 income and expenses.

13. On or about October 11, 2017, defendants IMAD DAWARA and BAHAA DAWARA caused to be filed a false Form 1120S U.S. Income Tax Return for an S Corporation for Noche for 2016.

14. On or about April 26, 2018, defendant BAHAA DAWARA caused to be filed a Form 1040 U.S. Individual Tax Return for 2016, in that he underreported his income, including income that he received from the ownership and operation of RCL, IB Management, and Noche.

**Fraudulent Tax Filings for Tax Year 2017**

15. On or about April 25, 2018, defendants IMAD DAWARA and BAHAA DAWARA caused to be filed a false Form 1120S U.S. Income Tax Return for an S Corporation for IB Management for 2017, in which there was \$0 income and expenses reported.

16. On or about April 25, 2018, defendant IMAD DAWARA caused to be filed a false Form 1040 U.S. Individual Tax Return for 2017, in that he underreported his income, including income that he received from the ownership and operation of IB Management, Noche, Baba, and the nightclub..

17. On or about April 25, 2018, defendant BAHAA DAWARA caused to be filed a false Form 1040 U.S. Individual Tax Return for 2017, in that he underreported his income, including income that he received from the ownership and operation of IB Management, Noche, Baba, and the nightclub.

18. On or about April 25, 2018, defendants IMAD DAWARA and BAHAA DAWARA caused to be filed a false Form 1120S U.S. Income Tax Return for an S Corporation for Noche for 2017.


19. On or about May 24, 2018, defendants IMAD DAWARA and BAHAA DAWARA caused to be filed a Form 1120S U.S. Income Tax Return for an S Corporation for Baba for 2017, which reported \$0 income and expenses.

All in violation of Title 18, United States Code, 371.

**A TRUE BILL:**

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**FOREPERSON**

  
**WILLIAM M. McSWAIN**  
**United States Attorney**